

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 IO-13 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-03 INR-10 NSAE-00 SP-02 STR-07
TRSE-00 LAB-04 SIL-01 OMB-01 EPA-01 SOE-02
DODE-00 DOE-11 H-01 INT-05 L-03 NSC-05 PM-05
USIA-06 OES-07 SS-15 ACDA-12 NRC-05 /156 W
-----007082 161430Z /72

R 160915Z MAR 78
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC 1079
INFO AMCONSUL ADANA
AMEMBASSY ATHENS
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY BUCHAREST
AMEMBASSY BELGRADE
AMCONSUL ISTANBUL
AMCONSUL IZMIR
AMEMBASSY MOSCOW
AMEMBASSY NICOSIA
AMEMBASSY PARIS
AMEMBASSY SOFIA
AMEMBASSY TEHRAN
CINCUSAFE
USCINCEUR
USDOCOLANDSOUTHEAST IZMIR
USDOCOSOUTH NAPLES
USMISSION GENEVA
USMISSION USNATO

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E.O. 11652: N/A
TAGS: EGEN, ENRG, TU, BU, UT
SUBJECT: NEW ELECTRICITY AGREEMENT BETWEEN TURKEY AND BULGARIA

REF: ANKARA 0143

SUMMARY: AT THE END OF JANUARY, ONE MONTH AFTER THE OLD AGREEMENT HAD EXPIRED, A NEW AGREEMENT WAS REACHED BETWEEN THE GOVERNMENTS OF TURKEY AND BULGARIA FOR THE PURCHASE OF ELECTRICITY BY TURKEY. UNDER THE NEW, TWO-YEAR AGREEMENT THE AMOUNT OF ELECTRICITY BULGARIA SELLS TO TURKEY WILL BE GRADUALLY INCREASED, THE 1977 PRICE OF ELECTRICITY WILL REMAIN IN EFFECT THROUGH 1978, AND PAYMENT TERMS WILL BE STIFFENED. TURKISH OFFICIALS ARE AWARE THAT BULGARIA ITSELF IS SUFFERING POWER SHORTAGES, THAT THE SOVIET UNION SUPPLIES MUCH OF BULGARIS'S POWER NEEDS, AND THAT, THEREFORE, THE DECISION BY BULGARIA TO SELL ELECTRICITY TO TURKEY WAS POLITICALLY MOTIVATED AND WAS PROBABLY MADE AT THE BEHEST OF THE SOVIET UNION. ALTHOUGH THEY ARE APPREHENSIVE OF DEPENDENCE ON THE SOVIET UNION, TURKS SEE NO BETTER ALTERNATIVE TO ELECTRICITY SHORTAGES YET MORE SEVERE THAN AT PRESENT. END SUMMARY.

1. TURKEY HAS BEEN IMPORTING INCREASING AMOUNTS OF ELECTRICITY FROM BULGARIA, UNDER ONE-YEAR AGREEMENTS, SINCE 1975. DUE PRIMARILY TO A GOVERNMENT CRISIS THAT LED TO A NEW GOVERNMENT IN TURKEY, AND PERHAPS TO DISAGREEMENT HAD NOT BEEN REACHED WHEN THE 1977 AGREEMENT EXPIRED, DECEMBER 31. (REFTEL) TOWARD THE END OF JANUARY A NEW, TWO-YEAR AGREEMENT WAS CONCLUDED. RECENTLY EMBOFF DISCUSSED AGREEMENT WITH ADNAN DINCEL OF TEK LIMITED OFFICIAL USE

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(TURKISH ELECTRICITY AUTHORITY), WHO PARTICIPATED IN NEGOTIATIONS.

2. THE NEW TURKISH-BULGARIAN ELECTRICITY AGREEMENT WILL BE IN FORCE FROM JANUARY 1, 1978 UNTIL DECEMBER 31, 1979. THE AMOUNT OF ELECTRICITY TURKEY IS TO BUY UNDER THE NEW AGREEMENT WILL INCREASE TO 600 MILLION KILOWATT HOURS (KWH) IN 1978 AND TO 700 MILLION KWH IN 1979 (IN 1975 TURKEY BOUGHT 90 MILLION KWH FROM BULGARIA, IN 1976 300 MILLION, IN 1977 500 MILLION, ACCORDING TO DINCEL). THESE INCREASES WILL BE LIMITED BY THE CAPACITY OF PHYSICAL FACILITIES: THE 700 MILLION KWH LEVEL CANNOT BE EXCEEDED UNTIL 1981-82, WHEN A NEW THERMAL GENERATING PLANT IS TO BE COMPLETED ON LIGNITE BEDS AT BARBUESKI (?), BULGARIA, AND A NEW 380 KILOVOLT TRANSMISSION LINE IS TO BE COMPLETED FROM THE BORDER TO ISTANBUL. TEK PLANS TO BUY 1,000 MILLION KWH PER YEAR FROM BULGARIA WHEN THESE TWO PROJECTS HAVE BEEN COMPLETED.

3. ALTHOUGH DINCEL WOULD NOT DISCLOSE PRICE AT WHICH TURKEY IS BUYING ELECTRICITY FROM BULGARIA, HE DID SAY THAT THE PRICE IN 1978 WOULD BE THE SAME AS IN 1977, AND THAT THE PRICE

IN 1979 WOULD BE RAISED IN ACCORDANCE WITH INCREASES IN THE
PRICE OF OIL ADOPTED BY OPEC.

4. DINCEL CONFIRMED PRESS REPORTS THAT UNDER THE NEW
AGREEMENT PAYMENT FOR ELECTRICITY, PREVIOUSLY MADE IN
DOLLARS, WOULD BE MADE IN GERMAN MARKS, AND THAT PAYMENT
WOULD BE MADE THROUGH AN ESCROW ARRANGEMENT--TURKEY IS TO
DEPOSIT EACH MONTH'S PAYMENT IN ADVANCE IN AN INTERNATIONAL
BANK, AND THE BANK WILL RELEASE MONEY TO BULGARIA WHEN
ELECTRICITY HAS BEEN DELIVERED. DINCEL ADDED THAT
INTEREST RATES ON LATE PAYMENTS, THAT IS, ON EXISTING
ARREARAGES, HAD BEEN INCREASED FROM 6 TO 9 PERCENT.

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5. DINCEL ACKNOWLEDGED THAT BULGARIA ITSELF WAS SUFFERING ELECTRICITY SHORTAGES, AND THAT A SUBSTANTIAL AMOUNT OF ELECTRICITY CONSUMED IN BULGARIA IS SUPPLIED BY THE SOVIET UNION IN ONE WAY OR ANOTHER. DINCEL ESTIMATED THAT OF BULGARIA'S TOTAL ANNUAL CONSUMPTION OF 30 BILLION KWH, 5 BILLION KWH IS IMPORTED FROM THE SOVIET UNION THROUGH TRANSMISSION LINES THAT CROSS ROMANIA. HE ALSO ESTIMATED THAT, IF ELECTRICITY GENERATED WITH COAL AND NUCLEAR FUEL IMPORTED FROM THE SOVIET UNION IS TAKEN INTO ACCOUNT, ABOUT HALF OF BULGARIA'S ELECTRICITY IS SUPPLIED BY THE SOVIET UNION. ON THIS BASIS, DINCEL VOLUNTEERED THE OBVIOUS: THE DECISION BY THE GOVERNMENT OF BULGARIA TO SELL ELECTRICITY TO TURKEY WAS MADE FOR POLITICAL REASONS, AND PROBABLY AT THE BEHEST OF THE SOVIET UNION. HE ALSO REFERRED TO THE AGREEMENT FOR DIRECT IMPORT OF ELECTRICITY BY TURKEY FROM THE SOVIET UNION, WHICH IS DUE TO BEGIN IN THIS SUMMER WITH COMPLETION OF THE BATUM-HOPA TRANSMISSION LINE, AS BENEFITTING SOVIET POLITICAL OBJECTIVES. (ACCORDING TO DINCEL, THE SOVIET UNION WILL SUPPLY 600 MILLION KWH TO TURKEY IN 1979.) LIKE OTHER TURKS, DINCEL IS APPREHENSIVE OF THE POLITICAL IMPLICATIONS OF TURKEY'S GROWING DEPENDENCE ON ELECTRICITY SUPPLIED BY THE SOVIET UNION, BUT HE CAN SEE NO OTHER SOURCE OF ELECTRICITY UNTIL TURKEY BECOMES SELF-SUFFICIENT, AND HE CANNOT ACCEPT THAT TURKEY SHOULD SUFFER THE ECONOMIC DAMAGE OF POWER OUTAGES YET MORE EXTENSIVE THAN AT PRESENT. IT IS WORTH NOTING THAT DINCEL'S DUTIES ARE TECHNICAL--HIS APPREHENSIONS ARE GENUINE AND REFLECT NO MORE THAN A PERSONAL ATTEMPT TO INFLUENCE OUR THINKING.

6. COMMENT. THE NEW ELECTRICITY AGREEMENT BETWEEN TURKEY AND BULGARIA REPRESENTS NO NEW DEVELOPMENT, BUT A FEW
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MORE RELUCTANT STEPS BY TURKEY TOWARD ECONOMIC DEPENDENCE ON THE SOVIET UNION. TIGHTENED PAYMENT TERMS PUT BULGARIA FIRST IN LINE TO BE PAID FROM TURKEY'S MEAGER

FOREIGN EXCHANGE INCOME, TO THE DETRIMENT OF WESTERN
CREDITORS.
SPIERS

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Message Attributes

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Draft Date: 16 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
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